



COMMERCIAL MARKET STRATEGIES
NEW DIRECTIONS IN REPRODUCTIVE HEALTH

Country Profile



BANGLADESH

Strengthening Contraceptive Security

PROGRAM OBJECTIVE

In Bangladesh, the Commercial Market Strategies (CMS) project strengthens contraceptive security by providing technical assistance to a key family planning NGO, and using market-segmentation research to facilitate a national family planning dialogue.



In Bangladesh, the contraceptive prevalence rate is 54 percent, but a decline in donated contraceptives may endanger the country's ability to meet growing demand for family planning.

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PROGRAM CONTEXT

Bangladesh is one of the most densely populated countries in the world, with an estimated 120 million people. The country has undergone a remarkable demographic transition over the past three decades. The average life expectancy at birth increased from 46 years in 1974 to more than 60 years in 2000. Over the same period, the total fertility rate declined from 6.3 children per woman to 3.3, and total contraceptive prevalence increased from 8 to 54 percent. Although Bangladesh has been successful at meeting population goals, new challenges to contraceptive security are emerging. Historically, the country has been dependent on donated commodities to meet its family planning needs. Donations are now declining and are expected to fall short of future demand as the population grows and more couples use contraception.

Two players dominate the family planning market in Bangladesh: the public health system and the Social Marketing Company (SMC), one of the largest social marketing non-governmental organizations (NGOs) in the world. The public sector serves 64 percent of modern-method users. However, SMC provides 71 percent of all condoms and 29 percent of pills. Donors provide most of SMC's contraceptive supplies, and the organization traditionally has sold its products for less than cost. Now, as donors are reducing the quantity of contraceptive supplies, SMC must generate new income and improve its long-term sustainability.

PROGRAM COMPONENTS

CMS's work in Bangladesh has two main components:

- **NGO sustainability** — comprehensive assistance to improve SMC's long-term self-sufficiency
- **Contraceptive security** — market-segmentation analysis to inform the policy dialogue among stakeholders and to help identify the most appropriate target markets for the public, commercial, and NGO sectors

NGO SUSTAINABILITY

To improve SMC's operational efficiency and long-term sustainability, the CMS project provided technical assistance in several areas, including

- organizational restructuring
- strategic pricing
- commercial-partnership development
- public relations and advocacy

Organizational restructuring. CMS's organizational assessment found that SMC could benefit from a more entrepreneurial organizational structure. Specific issues and recommendations included

- **Delegation** — empowering mid-level managers and their staff to handle routine tasks, thereby freeing senior staff to focus on strategic challenges
- **Performance appraisals** — revising the performance appraisal system so that individual staff output can be measured against pre-defined goals and indicators and staff development (training) can be systematic and aligned with tasks and desired results
- **Staffing structure** — realigning the staffing structure with existing and anticipated marketing plans
- **Qualified employees** — ensuring that posts are filled by qualified individuals

CMS's reorganization plan was approved by the SMC board of directors. CMS also helped SMC recruit top managers, revise the SMC administrative manual, and finalize a new compensation package.

The immediate outcomes of the restructuring program include a flatter, streamlined organizational structure, supported by revised administrative policies and a company-wide commitment to performance-based staff

development. The changes should have a positive impact on management, communication patterns, and organizational efficiency.

Strategic pricing. SMC sells pills and condoms primarily through private-sector outlets. It also distributes injectable contraceptives through the Blue Star program — a network of more than 2,100 providers, including general practitioners, gynecologists, and indigenous providers. To help SMC develop a strategic, long-term approach to pricing their products, CMS conducted surveys to determine demand and willingness to pay increased prices.

SMC markets three brands each of pills and condoms, two brands of oral rehydration salts (ORS), and a three-month injectable contraceptive. SMC divided the market into two groups, based on ability to pay: clients who can pay subsidized prices and those who can afford higher prices. Where SMC has multiple brands of a product, one brand is subsidized and targeted to lower-income groups, while the others are sold at higher prices to generate income to support the subsidized brand. To further support subsidized products, SMC is researching new products, for example, zinc tablets, which supplement ORS used to treat diarrhea.

Commercial-partnership development. CMS helped SMC negotiate a five-year agreement with the pharmaceutical manufacturer Wyeth to jointly market *Nordette* pills. CMS assistance also was instrumental in initiating discussions with Ansell India to market a premium condom brand, and with Wyeth to market the premium pill brand *Loette*.

Public relations and advocacy. Although SMC has been successful in social marketing, it lacked a coherent public relations strategy. To help strengthen SMC's relationships with stakeholders in the public and private sectors, CMS conducted interviews about communication issues with internal and external audiences. CMS found that new generations of government officials did not have a clear understanding of social marketing, SMC's history, and its valuable contribution to national family planning goals.

In response, CMS and SMC developed a communication and advocacy strategy that included

- Forming an advocacy team for communication with the government
- Creating a series of presentations, including a video documentary, aimed at improving SMC's image

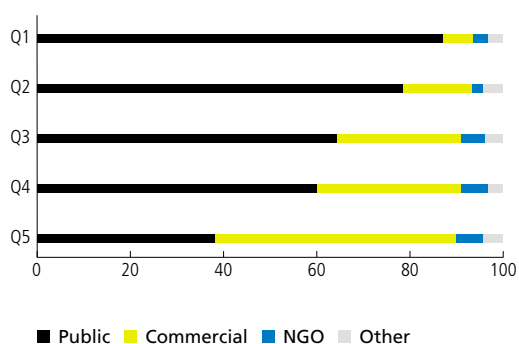
"Soma-Ject: A world-class contraceptive!" An SMC brochure discusses the benefits of this injectable contraceptive, which is distributed through the Blue Star provider network.



SMC markets three brands of contraceptive pills. One brand is subsidized, and the other two are sold at higher prices to generate income.

Source of contraceptives by wealth

Percent distribution of current modern-method contraception users by source of contraceptives, according to household wealth quintile — Q1 (poorest) to Q5 (wealthiest)



The market segmentation policy initiative has triggered a national dialogue on appropriate roles for the public, commercial, and NGO sectors.

- Expanding media relations efforts, using informational media kits, user testimonials, and regular calls to the media
- Conducting reputation surveys among various stakeholders to identify trouble areas
- Introducing an internal communication plan for better staff engagement

The new public relations/advocacy strategy should improve SMC's image in the eyes of the government, donors, and other audiences and create an appreciation for the organization's significant contribution to Bangladesh's family planning program.

CONTRACEPTIVE SECURITY

In line with the government's efforts to address contraceptive security, CMS worked with the DELIVER project (which helps developing countries establish effective supply chains for public health and family planning programs) to facilitate a participatory market-segmentation approach to family planning policymaking.

Market segmentation is the process of identifying and partitioning markets into groups with similar needs and/or characteristics — such as disposable income or geographic access to providers — to tailor marketing programs to specific populations. In the context of contraceptive security, a market-segmentation analysis can highlight duplicated efforts or unproductive competition. Segmentation techniques can be used to meet the family planning needs of an entire population by identifying complementary roles (and target markets) for the public, commercial, and NGO sectors. For example, if upper-income groups can be shifted to the commercial sector and middle-income groups can be encouraged to use the NGO programs, then limited public-sector resources can be targeted to meet the needs of the lowest-income groups.

CMS and DELIVER produced a market-segmentation report that was shared with stakeholders from the public, commercial, and NGO sectors. The report initiated discussions about their roles, information needs, and interests in specific market segments. The report also provided data to help stakeholders better understand the socioeconomic, demographic, and behavioral profiles of the target population in terms of use and source of family planning methods, unmet need for family planning, and reasons for non-use of family planning.

The Bangladesh analysis found that the market is somewhat segmented, but that there are opportunities for greater efficiency. Overall, the public sector meets between 75 and 90 percent of the contraceptive needs of poorest quintiles and caters to the bulk of family planning clients in rural areas. NGOs are concentrated in urban areas where they cater mainly to the poor, serving 18 percent in the poorest quintile and 7 percent in the wealthiest. The commercial sector meets the contraceptive needs of more than 49 percent of the richest quintile. Given these findings, a second phase of market-segmentation analysis was undertaken to examine the issues surrounding discontinuation of specific contraceptive methods, and opportunities for expanding household financing of contraceptives through government fees or private-sector sales.

The first stakeholder conference provided useful feedback that helped tailor the analysis to address each stakeholder's needs and to elaborate on opportunities for each sector. During a second conference, CMS presented an analysis tailored to each of the stakeholders, who were then able to identify and discuss appropriate roles for each sector. Participants agreed that the core objective of improving resource allocation could not be achieved without a coordinated strategy involving the public, commercial, and NGO sectors.

PROGRAM CHALLENGES

SMC's challenge is to improve cost recovery while ensuring that subsidized products are affordable to people who are unable to pay commercial prices. Currently, SMC's cost-recovery rate is only 46 percent, partly due to substantial expenses related to product marketing. To address this issue, CMS helped SMC to identify opportunities for continued market expansion, sales growth, new product introductions, innovative agreements with commercial partners, and improved cost efficiencies.

EXPECTED PROGRAM RESULTS

CMS is working with SMC to implement organizational changes. Although it is too early to assess impact, it is likely that the new organizational structure, improved public relations strategy, and strategic marketing will lead to increased sustainability for the organization.

The market segmentation policy initiative has triggered a national dialogue on roles for the public, commercial, and NGO sectors. Effective segmentation of the market will allow each sector to use its comparative advantages to target specific groups. For example, the public-sector infrastructure might be best positioned to supply long-term methods, whereas SMC may have a comparative advantage in delivering re-supply methods. Segmenting the market in this way will better distribute family planning resources. If implemented successfully, this initiative will make a significant contribution to contraceptive security in Bangladesh.

LESSONS LEARNED

Early involvement of stakeholders facilitates implementation of policy initiatives. One of the reasons for widespread support for the CMS–DELIVER market-segmentation approach and analysis was the early involvement of key stakeholders. DELIVER staff conducted several meetings with representatives from the public, commercial, and NGO sectors to exchange ideas, invite feedback, and gather support for the proposed initiative. Consequently, the market-segmentation results (presented by CMS and DELIVER at two stakeholder conferences) were well received by all sectors.

ADDITIONAL RESOURCES

Chawla, D; D Sarley; S Scribner; A Balal; and R Berg. 2003. *Bangladesh Contraceptive Market-Segmentation Analysis*. Washington, DC: USAID/Commercial Market Strategies and DELIVER Projects.

Cover photo: Video still from *Eyi Megh Eyi Roudro (Now Cloud Now Sunshine)*, courtesy of Photoshare, a service of USAID's Information and Knowledge for Optimal Health (INFO) project.



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Commercial Market Strategies (CMS) is a USAID-funded project that aims to increase access to and demand for reproductive health and family planning products and services in developing countries through the private sector.